

To Help in Returning Money to Investors

# Attorneys Want Rewald Released, Bail Reduced

By Charles Memminger  
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The attorney for Ronald R. Rewald wants his client to be released from prison so that Rewald can help in returning money to those who invested with his now bankrupt company.

Now that a freeze has been ordered on all of Rewald's assets as well as on those of his company, Bishop, Baldwin, Rewald, Dillingham & Wong, it is time to do something constructive, the attorney, Robert Smith, said this morning.

The only way this can be done, Smith said, is to release Rewald from the Oahu Community Correctional Center where he is being held in lieu of \$10 million bail on state theft charges.

Smith, in an interview today, said Rewald is willing to make a deal with authorities to secure his release but sources said it is doubtful Rewald has anything to offer.

Trustee Thomas Hayes said he also is seeking the company's former office manager, Sue Wilson, to serve her with a subpoena in connection with his hunt for company assets.

IT WAS DISCLOSED in federal court yesterday that Wilson liquidated some \$1 million in stocks in a trust fund being administered by Rewald and the funds apparently were put into the company's investment fund.

During a hearing on the freeze yesterday, Hayes testified that those funds were not invested but used for Rewald's personal expenses and for the daily operations of the company.

Rewald's expenses, Hayes has learned, were considerable. According to court records, Rewald spent about a quarter million dollars a month on personal expenses and was paid another \$20,000 a month salary by his company.

THERE ALSO IS the matter of Rewald's legal problems being spread between two jurisdictions: federal and state court. The federal bankruptcy action is not involved with the state criminal charges facing Rewald, and the state court is interested now in only the two theft charges.

Smith acknowledged that Rewald is in a "difficult position," a position Smith said he has not seen in his more than 20 years of practicing law.

But unless something is negotiated outside of the courts, Smith said, Rewald will remain in jail pending trial, and civil court action may go on for years.

Sources, however, say there seems to be little chance that Rewald would be able to strike a deal with the prosecutor's office.

U.S. Judge Martin Pence yesterday called Rewald's offer to help investors "an empty gesture" in light of evidence that showed Re-

sent Rewald because he has been unable to review the records of Rewald's bankrupt company and because of Rewald's incarceration.

He said he was able to see Rewald at the prison for only an hour on Sunday and a half-hour yesterday. He said he is unable to place calls to Rewald and that Rewald is only allowed to make calls at certain times of the day.

Interviews with Rewald at the prison also have been interrupted, such as on Friday when police took Rewald away in the middle of a meeting with Smith.

Smith said police had not been informed of Rewald's indictment by the Oahu Grand Jury and took him to district court for a preliminary hearing that had been scheduled but had been superseded by the indictments.

He said the "big mistake" resulted in Rewald being held in the police cellblock for five hours.

REWALD IS BEING kept in a prison hospital unit, apparently because of his earlier attempt at suicide, Smith said.

He said he does not know who the three other men in the cell with Rewald are, but that Rewald had described one of them as a "murderer."

He said Rewald also is concerned that he will be forced to take medication that would make him unable to help out in his case. He told Smith that others in his unit had been given medication that turned them into "zombies."

Smith said Rewald has been "crushed" by the developments of the past few weeks. Yesterday, Rewald seemed to be at his "lowest ebb" since being placed in prison, Smith said.

In the meantime, the trustee for the bankrupt company said he is still seeking Rewald's wife, Nancy, to serve her with court documents concerning Pence's orders.

wald spent \$250,000 a month of investors' money for personal expenses.

Rick Reed, administrative aide for city prosecutor Charles Marsland, said this morning that his office has not been in contact with Rewald's attorneys.

Brook Hart, the attorney representing Rewald on the criminal charges, was scheduled to go to state court this afternoon in an attempt to get Rewald's \$10 million bail reduced.

BUT SMITH SAID this morning anything short of Rewald being released on his own recognizance would not help.

With all of his assets frozen by the court, Smith said it does not matter if the bail is "\$10 million or \$10." He said he is not optimistic about the bail reduction to a sum "anyone could possibly raise."

Smith said he has been at a disadvantage in trying to repre-



ATTORNEYS—Robert Smith, left, and Robert Jinks, two attorneys associated with Ronald Rewald, head to federal court yesterday for a hearing. —Star-Bulletin Photo by Terry Luke.